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STATE FOR NEA, NEA/IPA, NEA/PPD

WHITE HOUSE FOR PRESS OFFICE, SIT ROOM
NSC FOR NEA STAFF

SECDEF WASHDC FOR USDP/ASD-PA/ASD-ISA
HQ USAF FOR XOX
DA WASHDC FOR SASA
JOINT STAFF WASHDC FOR PA
CDR USCENTCOM MACDILL AFB FL FOR POLAD/USIA ADVISOR
COMSOCEUR VAIHINGEN GE FOR PAO/POLAD
COMSIXTHFLT FOR 019

JERUSALEM ALSO FOR ICD
LONDON ALSO FOR HKANONA AND POL
PARIS ALSO FOR POL
ROME FOR MFO

E.O. 12958: N/A
TAGS: IS KMDR MEDIA REACTION REPORT
SUBJECT: ISRAEL MEDIA REACTION

SUBJECTS COVERED IN THIS REPORT:

Mideast

Key stories in the media:

All media led with the launching of a Qassam rocket into Ashkelon last night. This was the first time the city was struck. The improved, 12-km range rocket hit and damaged a high school but caused no casualties. Hamas's military wing, the Izz al-Din al-Qassam Brigades, claimed responsibility for the attack. All media (banners in Ha'aretz and Yediot) quoted PM Ehud Olmert as saying during the US Independence Day Party at the residence of US Ambassador to Israel Richard Jones: "This attack, this criminal attempt that was aimed at harming Israeli civilians living inside Israel's borders, will have unparalleled and far-reaching consequences. Olmert added: "And the Hamas organization will be the first to feel them." Israel Radio reported that the security cabinet decided this morning to take consequential steps against Hamas in the Gaza Strip and the West Bank.

Major media reported that Palestinian PM Ismail Haniyeh has told the kidnappers of Cpl. Gilad Shalit to keep him alive. Leading media reported that his abductors do not intend to kill him. Leading media reported that on Tuesday, Hamas and the Egyptian team mediating talks regarding Shalit cut off contacts between them. The Jerusalem Post reported that Qatar and Turkey are involved in efforts to free Shalit. Yediot quoted Arab sources as saying that seven guards are keeping Shalit in a secret underground bunker. Israel Radio reported that civilians who believe that Israel should negotiate with Shalit's captors set up a petition on the Internet. The radio later reported that unknown people damaged that website. Israel Radio cited a confidential IDF document that the Israeli defense

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establishment had been aware two months ago of a warning of a terror attack to be perpetrated via a tunnel in the Sufa-Kerem Shalom area. On Tuesday, major media had reported that the IDF stepped up its offensive on Monday against the Hamas infrastructure and that it sent ground forces into the northern Gaza Strip and troops into Hamas's charity offices in the West Bank in moves aimed at escalating the pressure on the kidnappers of Cpl. Gilad Shalit. Major media reported on events surrounding the 230th US Independence Day. The Jerusalem Post reported that Olmert told Ambassador Jones last night: "Jews have the longest memories in history. We never forget those who brought evil to our people, but we will never forget the friendship, care, and involvement in the life of our people by the US, for which we will be forever grateful." The Jerusalem Post reported at last night's celebration, Israeli President Moshe Katsav expressed the appreciation of the people of Israel to a series of presidents of the US for their consistent and continuing support of Israel in good times and bad during its 58 years of statehood. On Tuesday, Ha'aretz

(English Ed.) published a special "USA-Israel Business Outlook" supplement.

The Jerusalem Post and other media reported that the IDF has raised the level of alert along the northern border with Syria out of fear that President Bashar Assad would launch a strike against Israel in response to a recent IAF buzz of his palace.

All media reported that on Tuesday morning, three Palestinian suspects in the murder of the youth Eliyahu Asheri surrendered without opposition to IDF forces in Ramallah. Maariv highlighted the fact that the suspects were PA policemen. Israel Radio and other electronic media reported that this morning at the Barkan industrial zone in the West Bank, IDF forces caught a Palestinian with an explosives belt strapped around his waist and ready for use, thus apparently thwarting a major terrorist attack that was to be carried out in central Israel.

Ha'aretz cited the Defense Ministry as saying Tuesday for the first time that the GOI maintains a "blacklist" of Palestinians who left the territories during the Six-Day War, lest they sue for the return of their land. The property has been used to establish settlements and military bases in the Jordan Valley.

Leading media reported that a new bill that would suspend Knesset members who support or identify with terror organizations was given a push forward by the Knesset's House Committee Tuesday, sparking outrage among Arab Knesset members.

Major media (highlighting in Yediot) reported that on Tuesday, North Korea sent a defiant signal to its neighbors and the US when it test-fired a volley of missiles. Hatzofe quoted South Korea's incoming Ambassador to Israel Shin Kak Soo (phon.) as saying that his country is interested in expanding trade ties with Israel.

Ha'aretz reported that residents of the Negev city of Mitzpe Ramon hope to persuade the GOI to take up a private initiative to set up a branch of the Guggenheim Museum in their town.

Leading media reported that the CIA has closed the unit responsible for hunting down Osama bin Laden.

Maariv highlighted the fact that on Tuesday, the US dollar reached its lowest rate in 14 months -- 4.39 shekels.

Mideast:

Summary:

Senior columnist and chief defense commentator Zeev Schiff wrote on page one of independent, left-leaning Ha'aretz: "The firing of a rocket ... to Ashkelon's center on Tuesday constitutes an unequivocal invitation by Hamas to war."

Military correspondent Alex Fishman opined on page one of mass-circulation, pluralist Yediot Aharonot: "It is time to take off the gloves. It is time to admit that Hamas has declared war on us."

Editor-in-Chief Amnon Dankner wrote on page one of popular, pluralist Maariv: "After years of unnecessary and shameful capitulation by generations of Israeli governments to the extortionist demands of those holding Israeli hostages, Olmert is sharply turning the helm and establishing new rules of the game."

Diplomatic correspondent Ben Caspit wrote on page one of Maariv: "One of [Ehud] Olmert's salient characteristics is his obduracy. Sometimes this is good, but more often it is bad. This time it is excellent."

Conservative, independent Jerusalem Post editorialized: "The Palestinian leadership must learn that neither guerrilla attacks nor terrorism will achieve anything for them. A Palestinian decision to formally and

universally end all such attacks, by contrast, should and would achieve positive results."

Ha'aretz editorialized: "The Qassam launches' infringement on Israeli sovereignty is intolerable, and Israel must cause it to end. But this problem, grave as it is, is essentially tactical."

Senior columnist and longtime dove Yoel Marcus wrote in Ha'aretz: "Israel's resoluteness was called for, but for all that the PA is run by morons and fanatics -- the punishment should be meted out carefully. Sooner or later, they will be the neighbors we will have to live with."

Meretz-Yahad Party Chairman, Knesset Member Yossi Beilin wrote in Ha'aretz: "The worsening violent conflict in the Middle East is a blatant reflection of the weakness of the American partner."

Block Quotes:

I. "An Invitation to War"

Senior columnist and chief defense commentator Zeev Schiff wrote on page one of independent, left-leaning Ha'aretz (7/5): "The firing of a rocket from the Gaza Strip to Ashkelon's center on Tuesday constitutes an unequivocal invitation by Hamas to war. The Palestinians who launched the rocket apparently are members of the Hamas military wing, but it's quite possible that either an Iranian or Syrian element interested in intensifying the military conflict with Israel spurred the move.... The significance of Tuesday's rocket attack for Israel is that the current round of war -- in which Hamas maintains control of the street, especially in the Gaza Strip -- will be a tough one, because over time, the Palestinians have armed themselves with many weapons and rockets. Another difficulty for Israel is the existence of multiple Palestinian groups, including 'pirate' groups that aren't always in contact with each other, and the existence of competing leaders within Hamas itself."

II. "Hamas Has Declared War"

Military correspondent Alex Fishman opined on page one of mass-circulation, pluralist Yediot Aharonot (7/5): "It is time to take off the gloves. It is time to admit that Hamas has declared war on us. Israel should begin to defend itself effectively.... Taking off the gloves means making a decision today: To lift the restrictions from the targeted killings.... Israel currently faces three main security dilemmas in the Gaza Strip. The first -- the issue of the Qassam rockets from the northern Gaza Strip. The second -- the issue of the soldier's kidnapping. The third -- the strategic equation, meaning Hamas's desire to create a balance of terror against Israel, like in Lebanon. The three dilemmas are intertwined. The military solutions for each of them are different, but do not necessarily contradict each other. Therefore, dealing with the Qassam rockets should not interfere with the attempts to rescue the kidnapped soldier."

III. "New Rules of the Game"

Editor-in-Chief Amnon Dankner wrote on page one of popular, pluralist Maariv (7/5): "The Prime Minister deserves support for the important move that he is now leading: After years of unnecessary and shameful capitulation by generations of Israeli governments to the extortionist demands of those holding Israeli hostages, Olmert is sharply turning the helm and establishing new rules of the game. The gist of these is that we do not yield to kidnappers and do not release large numbers of prisoners in return for information about them or for their return. This is certainly how things should be, when Israel has means of pressure, threats and violence at its disposal that can instill fear in the hearts of the kidnappers and their dispatchers. This determined stance deserves support because it shatters an improper approach that expressed, more than anything else, the weakness of [previous] prime ministers and their inability to hold firm to principles, not just for the sake of principle, but because this adherence could save much trouble later on.... There is no complete confidence that this will succeed, but as far as the overall national interest is concerned, it is much more effective. It also prevents misunderstandings on the part of the Palestinians, who believe that they have identified a weakness in the Israeli sensitivity to human life, and at times, unfortunately, [identify] a true understanding of the real weakness, which is expressed

in huge deals with a painfully high price that cause long-term damage."

IV. "The Isolation of the Leader"

Diplomatic correspondent Ben Caspit wrote on page one of Maariv (7/4): "One of [Ehud] Olmert's salient characteristics is his obduracy. Sometimes this is good, but more often it is bad. This time it is excellent. Olmert is fired with a burning conviction that the importance of his opposition in principle to wholesale release of terrorists in return for the kidnapped soldier greatly outweighs the risk which it entails.... The paradox is that Olmert, of all people, is making a stand on this principle, while the lions of defense, such as Sharon and Rabin, usually bent under the weight of it. It is that perverted Israeli logic which enables only the right wing to make peace, while the left wing just grumbles and writes protest poems. According to that principle, Shimon Peres could have killed Arafat if he had wanted to, but Ariel Sharon could not. According to that line of thinking, Sharon could uproot settlements, but Yossi Beilin could not. So it is Ehud Olmert, who was described by American journalists as a 'rich, polished lawyer,' who will try to rewrite the rules of the game against the murderous terrorist organizations with whom he is faced. For he alone is capable of doing so. But is he?"

V. "No Vindication for Terror Groups"

Conservative, independent Jerusalem Post editorialized (7/5): "Releasing prisoners to Hamas now, after Hamas boasted during its election campaign that it would succeed in freeing Palestinian terrorists by kidnapping Israelis, would vindicate the path of terror and violence over negotiations. Those who believe that Fatah should be preferred over Hamas should be the first to oppose an Israeli prisoner release that would markedly weaken the former and strengthen the latter. The Palestinian leadership must learn that neither guerrilla attacks nor terrorism will achieve anything for them. A Palestinian decision to formally and universally end all such attacks, by contrast, should and would achieve positive results."

VI. "The Only Option"

Ha'aretz editorialized (7/5): "At this time, it must be reiterated -- and it would be appropriate for the Prime Minister to find the time and the strength of will to do so -- that Israel has no option in the long run other than withdrawing from the territories and from the occupation. The Qassam launches' infringement on Israeli sovereignty is intolerable, and Israel must cause it to end. But this problem, grave as it is, is essentially tactical.... Ending the occupation is still the goal to which any tactic employed during the current crisis must lead. Instead of the 'blood and guts' rhetoric being heard from all the cabinet ministers, as well as from the opposition, our leadership must send the message that it knows where it is going."

VII. "Beware of the Traps of the Past"

Senior columnist and longtime dove Yoel Marcus wrote in Ha'aretz (7/4): "There is no doubt that Hamas is behind [IDF Corporal Gilad] Shalit's abduction.... It is counting on Israel's lack of fortitude to face families, and it believes Israel will cave in to wholesale extortion. This time, however, it found Israel not trembling but stubborn, an Israel that settles scores and is no hurry to give in. Hamas erred in its calculations. It outraged the entire world, not to mention the destruction the IDF wreaked in retaliation. Who would have believed that PA Chairman Mahmoud Abbas himself would say there is no one to talk to, in reference to his own government?.... Israel's resoluteness was called for, but for all that the PA is run by morons and fanatics -- the punishment should be meted out carefully. Sooner or later, they will be the neighbors we will have to live with."

VIII. "America's Weakness"

Meretz-Yahad Party Chairman, Knesset Member Yossi Beilin wrote in Ha'aretz (7/5): "The United States is cut off from a number of Muslim countries.... When the latest crisis broke out, as the firing of Qassam rockets increased and the violence intensified, Israel, naturally, turned to the same agent that enabled it to withdraw from the Gaza Strip -- Egypt.... The US was not even mentioned as an option.... The worsening violent conflict in the Middle East is a blatant reflection of the weakness of the American partner. At the moment of truth, when Israel needs a powerful third

party capable of moving things in the area, it turns out that little beyond the repetitive recitation of Bush's vision and of the dust-covered road map can be expected, which neither side intends to actually implement."

JONES